



## INSURANCE FRAUD INVESTIGATION DIVISION

### Kentucky Department of Insurance

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### *Fraud Statistics/Charges and Convictions Activity August 2008*

#### Fraud Statistics

	<u>Month</u>	<u>YTD</u>
Total Referrals Received.....	131	701
Open Cases (Investigations-includes prior years)		231
Assigned Cases (Investigations).....	8	190
Closed Cases (Investigations).....	42	166
Closed Cases (Investigations) Exceptionally Cleared – Declined by Prosecutor.....	2	17
Charges (4 felonies).....	4	165
Convictions (2 misdemeanors).....	2	80
Restitution Ordered.....	\$ 116,585.00	\$ 1,410,490.76

### *Charges and Convictions Activity*

**Karen L. Fox Burns and Shannon R. Hogg** – on or about 4/28/05, Karen Burns, a licensed insurance agent, and Shannon Hogg, a customer service representative, both of whom worked for CS&W Insurance Services, had knowledge of a scheme by John Pennington to defraud Kentucky Employers Mutual Insurance (KEMI) by misrepresenting the number of employees and the amount of payroll of ZAG Resources. Burns and Hogg concealed this fact by preparing a partial list of ZAG employees to be used in the scheme and failed to notify the federal authorities of this felony. Both were charged on 7/9/08 with Misprision of a felony.

**Tracy Cardwell** – On or about 2/22/05, Cardwell applied for health insurance through Anthem Blue Cross Blue Shield (Anthem), and failed to disclose his true health history for specific health issues. On 4/16/08, Cardwell was charged with one felony count of fraudulent insurance acts in Warren Circuit Court. On 7/7/08, Cardwell entered a guilty plea to an amended misdemeanor charge of attempted fraudulent insurance acts over \$300. He was sentenced to 11 months imprisonment conditionally discharged for 24 months; ordered to pay \$170 in court costs and restitution in the amount of \$6,600.00 to Anthem as agreed upon.

**Darrell Gibson** – Gibson submitted an insurance application to Bluegrass Family Health adding Veronica J. Gibson to his health insurance policy through his business. The form listed Veronica as his spouse even though they were divorced on 12/29/03 in Scott Circuit Court. Veronica remained on the policy until 6/26/07 with a cost to Bluegrass Family Health of \$169,099.00 for her health care. On 7/23/08, Gibson was charged with one felony count of fraudulent insurance acts in Scott District Court.

**Priscilla Kennedy** – Kennedy presented an insurance claim to State Farm for theft of her Pontiac Grand Am and denied any damage to the vehicle at the time of the theft. The vehicle had actually been involved in a motor vehicle accident shortly before the theft which resulted in damage to the right front of the vehicle. On 5/5/08, Kennedy was charged with one felony count of fraudulent insurance acts in Lincoln District Court. On 6/23/08, she pled guilty to the amended misdemeanor charge of fraudulent insurance acts and received 12 months conditionally discharged for two years. She was ordered to pay a fine in the amount of \$500.00 to the Fraud Division for investigative expenses.

**Connie Redmond** - On 4/11/04, Redmond filed a claim that she had been injured while working for Quest Community Services and allegedly magnified the severity of her injury, which resulted in Kentucky Employers' Mutual Insurance (KEMI) expending \$2,101.62 in temporary total disability (TTD) benefits which it would not have otherwise have expended. On 7/25/08, Redmond was charged with one felony count of fraudulent insurance acts in McCreary District Court.

**Bonnie Thiel** – Thiel submitted an application for health insurance to Anthem Blue Cross Blue Shield (Anthem) and answered no to all questions regarding health problems and disclosed the use of one prescription medication. Thiel actually received prior treatment for a number of health conditions and took several medications. Anthem would not have issued a policy had this information been disclosed on the application. On 7/22/08, Thiel was charged with one felony count of fraudulent insurance acts in Marshall Circuit Court.